

FY 2003-04 BUDGET

BUDGET SECTION SUMMARY

Section Title:

SANITATION ZONE - PENNGROVE

A. Program Description

This budget finances the maintenance, construction, debt service, and administration of a collection system and pumping station which serves the Penngrove area. Raw sewage is pumped to the City of Petaluma for treatment and disposal. These services are provided by Petaluma pursuant to an agreement between the two entities. The City of Petaluma charges the Penngrove Sanitation Zone (SZ) for treatment on the basis of Equivalent Single Family Dwellings (ESDs).

B. Financial Summary

Section	GROSS EXPENDITURES			NET COST/USE OF FUND BALANCE		
	FY 02-03 Adopted	FY 03-04 Requested	Percent Change	FY 02-03 Adopted	FY 03-04 Requested	Percent Change
Operations	\$313,700	\$347,100	10.65%	\$26,282	\$68,286	159.82%
Bonds	9,450	9,025	(4.50%)	(6,575)	(6,575)	0.00%
Construction	50,000	540,000	980.00%	(6,325)	473,750	(7590.12%)
TOTAL:	\$373,150	\$896,125	140.15%	\$13,382	\$535,461	3901.35%

C. Staffing Summary

No staffing is allocated to this index.

D. Workload Summary

Workload Indicator	FY 01-02 Actual	FY 02-03 Budget Estimate	FY 02-03 Revised Estimate	FY 03-04 Projected	Change from FY 02-03 Budget Estimate
Total ESDs	469	494	471	473	(4.25%)
Total APNs	386	409	409	409	0.00%

E. Summary of Issues and Significant Changes

Agency operations in the Penngrove Sanitation Zone (Penngrove SZ) are limited to administrative services and operation/maintenance of the collection system and pumping station. The wastewater collected by the Penngrove SZ collection system flows through the City of Petaluma's collection system to the Petaluma wastewater treatment plant. Wastewater generated by the Penngrove SZ and Petaluma is treated to meet secondary standards at the City of Petaluma's treatment plant.

Petaluma is expected to award a contract for the design, construction, and operation of a new wastewater treatment plant that meets advanced (tertiary) wastewater treatment standards in the near future. Cost estimates for this project are approximately \$60 to \$90 million depending on the treatment process selected and the level of reclamation undertaken. The project is expected to cause a significant increase in the annual service charge over the next five years. These rate increases, when implemented, will be passed on to the Penngrove SZ customers.

The amount requested in the construction fund for capital projects covers replacement of portions of the collection system (\$40,000). Connection fees continue to be collected for the future expansion of the collection system and Penngrove's share of the cost to upgrade and expand the City of Petaluma's wastewater treatment and reclamation facilities.

The requested rate per ESD for FY 03-04 annual service charges is \$585, representing a 3.5% increase from FY 02-03. The Penngrove SZ currently collects sufficient funds to operate and maintain its collection

system. In addition to funds needed for the ongoing operations and maintenance expenses, funds are necessary for the replacement of the collection system. At the Pennngrove SZ, the level of funds being collected should provide this sanitation zone with much of the funds necessary for future replacement of the collection system.

F. Summary of Reduction Options

No reduction options are proposed.

G. Attachments

- Summary of Revenues and Expenditures
- Character Justification
- Statement of Special Fund Activity

FY 2003-04 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

Section Title: SANITATION ZONE - PENNGROVE - OPERATIONS
Section/Index No: 680108

Sub-Object No. and Title	Adopted 2002-03	Requested 2003-04	Difference	Percent Change
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REVENUES:

TAXES

1001 Flat Charges - CY	\$269,098	\$266,585	(\$2,514)	(0.93%)
1061 Flat Charges - PY	2,300	2,300	0	0.00%
1120 Penalties/Costs on Taxes	250	250	0	0.00%
Subtotal Taxes	\$271,648	\$269,135	(\$2,514)	(0.93%)

USE OF MONEY

1700 Interest on Pooled Cash	\$11,250	\$5,000	(\$6,250)	(55.56%)
Subtotal Use of Money	\$11,250	\$5,000	(\$6,250)	(55.56%)

CHARGES FOR SERVICES

3400 Sanitation Services	\$4,520	\$4,680	\$160	3.54%
Subtotal Charges for Services	\$4,520	\$4,680	\$160	3.54%

TOTAL REVENUES	\$287,418	\$278,815	(\$8,604)	(2.99%)
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EXPENDITURES:

SERVICES AND SUPPLIES

6040 Communications	\$500	\$500	\$0	0.00%
6180 Maintenance - Bldgs / Impr	12,000	15,000	3,000	25.00%
6522 District Services	50,000	60,000	10,000	20.00%
6573 Administration Costs	2,100	2,500	400	19.05%
6610 Legal Services	2,000	2,000	0	0.00%
6630 Audit / Accounting Services	1,100	1,100	0	0.00%
7000 Special Departmental Exp	155,000	157,000	2,000	1.29%
7320 Utilities	9,000	9,000	0	0.00%
Subtotal Services and Supplies	\$231,700	\$247,100	\$15,400	6.65%

OTHER CHARGES

7980 Depreciation	\$42,000	\$40,000	(\$2,000)	(4.76%)
Subtotal Other Charges	\$42,000	\$40,000	(\$2,000)	(4.76%)

FY 2003-04 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

Sub-Object No. and Title	Adopted 2002-03	Requested 2003-04	Difference	Percent Change
<u>OTHER FINANCING USES</u>				
8625 OT - W/in Special Dist - BOS	\$30,000	\$50,000	\$20,000	66.67%
<i>Subtotal Other Financing Uses</i>	\$30,000	\$50,000	\$20,000	66.67%
<u>APPROPRIATIONS FOR CONT</u>				
9000 Appropriations for Contingencies	\$10,000	\$10,000	\$0	0.00%
<i>Subtotal Appropriations for Contin.</i>	\$10,000	\$10,000	\$0	0.00%
TOTAL EXPENDITURES	\$313,700	\$347,100	\$33,400	10.65%
TOTAL NET COST <i>(Expenditures Minus Revenues)</i>	\$26,282	\$68,286	\$42,004	159.82%

Department - Division: Sonoma County Water Agency - Sanitation
Section Title: Sanitation Zone - Penngrove - Operations

6040 Communications

This account records expenses paid by the Zone for outside communication and wireles services.

6180 Maintenance - Bldgs / Impr

This account records the cost of parts and materials required to maintain the collection system. The requested amount will cover work such as repair or replacement of certain manholes and pumps, as well as reconfiguration of some of the collection system plumbing in order to handle increased flows coming into the pump station.

6522 District Services

This account records the cost of labor and overhead associated with operation and maintenance of the Zone's facilities and equipment, as well as other related service and supply type items. The requested amount will cover anticipated increased labor costs due to cost of living increases and organizational changes.

6573 Administration Costs

This account represents the 1% administration fee assessed by the County for processing collection of flat charges on the tax roll.

6610 Legal Services

This item is requested to provide funds for the estimated cost of legal services to be provided by County Counsel, or outside legal services, as required.

6630 Audit / Accounting Services

This item represents the direct allocation of Auditor-Controller Fiscal Services staff costs for time expected to be spent on the Zone's accounting.

7000 Special Departmental Expense

The Penngrove Sanitation Zone does not have a sewer treatment plant. Rather, the Zone has an agreement with the City of Petaluma to accept and treat sewage. The amount requested for the forthcoming year reflects a slight increase from the current year budget consistent with planned rate increases by the City of Petaluma to fund the design and construction of a new treatment plant that meets advanced wastewater treatment (AWT) standards.

7320 Utilities

This account records the cost of payments made for utilities such as gas, electricity, and water.

7980 Depreciation

Generally Accepted Accounting Principles require that depreciation be expensed each year.

Character Title: Other Financing Uses

Character No.: 680108-86

8625 OT - W/in Special Dist - BOS

This account reflects the transfer of cash from the Operations Fund to the Construction Fund to finance the capital replacement program. If the Operations Fund does not have sufficient cash available to finance planned capital projects, the transfer will not be made and any uncompleted projects will be rescheduled and rebudgeted in the next fiscal year.

Character Title: Appropriations for Contingencies

Character No.: 680108-90

9000 Appropriations for Contingencies

This account provides funding for unanticipated expenditures or revenue shortfalls.

FY 2003-04 BUDGET

STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation

Section: Sanitation Zone - Penngrove - Operations

Index No.: 680108

DESCRIPTION OF FUND ACTIVITY	Actual FY 01-02	Estimated FY 02-03	Requested FY 03-04
Undesignated/Unreserved <u>BEGINNING</u> Fund Balance			
Available for Budgeting (See Detailed Components Below)	\$209,924	\$209,613	\$219,914
Annual Revenues and Expenditures:			
Revenues - Increase fund balance	271,487	287,892	278,815
Expenditures - (Decrease) fund balance	(318,660)	(316,413)	(347,100)
Net Surplus or Deficit - Increase/(Decrease) to fund balance	(47,173)	(28,521)	(68,286)
Adjustments to Reserves/Encumbrances:			
7980 - Depreciation	39,157	38,822	40,000
Change in Encumbrances	7,705	-	-
Net Adjustment - Increase/(Decrease) to Fund Balance	46,862	38,822	40,000
Undesignated/Unreserved <u>ENDING</u> Fund Balance			
Available for Budgeting	\$209,613	\$219,914	\$191,629
Total Increase/(Decrease) in Fund Balance for Fiscal Year (Difference between Beginning and Ending Balance)	(\$311)	\$10,301	(\$28,286)

<u>Fund Balance Components at Beginning of FY</u>	7/1/01	7/1/02
Cash	\$381,322	\$260,991
Other Receivables	13,119	9,670
Accounts Payable	(176,812)	(61,048)
Encumbrances	(7,705)	-
Total Beginning Fund Balance	\$209,924	\$209,613

FY 2003-04 BUDGET

SUMMARY OF REVENUES AND EXPENDITURES

Section Title: **SANITATION ZONE - PENNGROVE - BONDS**
 Section/Index No: **680207**

Sub-Object No. and Title	Adopted 2002-03	Requested 2003-04	Difference	Percent Change
REVENUES:				
<u>TAXES</u>				
1000 Prop Taxes - CY Secured	\$14,000	\$14,000	\$0	0.00%
1020 Prop Taxes - CY Supplemental	500	500	0	0.00%
1040 Prop Taxes - CY Unsecured	500	500	0	0.00%
1060 Prop Taxes - PY Secured	0	0	0	N/A
Subtotal Taxes	\$15,000	\$15,000	\$0	0.00%
<u>USE OF MONEY</u>				
1700 Interest on Pooled Cash	\$675	\$250	(\$425)	(62.96%)
Subtotal Use of Money	\$675	\$250	(\$425)	(62.96%)
<u>INTERGOVERNMENTAL REVENUES</u>				
2440 St - HOPTR	\$350	\$350	\$0	0.00%
Subtotal Intergovernmental Revenues	\$350	\$350	\$0	0.00%
TOTAL REVENUES	\$16,025	\$15,600	(\$425)	(2.65%)
EXPENDITURES:				
<u>SERVICES AND SUPPLIES</u>				
6635 Fiscal Agent Fees	\$200	\$200	\$0	0.00%
Subtotal Services and Supplies	\$200	\$200	\$0	0.00%
<u>OTHER CHARGES</u>				
7920 Interest	\$9,250	\$8,825	(\$425)	(4.59%)
Subtotal Other Charges	\$9,250	\$8,825	(\$425)	(4.59%)
<u>ADMINISTRATIVE CONTROL ACCOUNT</u>				
9200 Ent - Principal	\$8,000	\$9,000	\$1,000	12.50%
9209 Ent - Principal Clearing	(8,000)	(9,000)	(1,000)	12.50%
Subtotal Administrative Control	\$0	\$0	\$0	N/A
TOTAL EXPENDITURES	\$9,450	\$9,025	(\$425)	(4.50%)
TOTAL NET COST (Expenditures Minus Revenues)	(\$6,575)	(\$6,575)	\$0	0.00%

**FY 2003-04 BUDGET
CHARACTER JUSTIFICATION**

Department - Division: Sonoma County Water Agency - Sanitation
Section Title: Sanitation Zone - Penngrove - Bonds

Character Title: Taxes **Character No.:** 680207-10

1000 Prop Taxes - CY Secured

The Auditor-Controller establishes a tax rate sufficient to accumulate tax revenues necessary to make bond payments of interest and principal. The bonds were passed to fund construction of sewage facilities.

1020 Prop Taxes - CY Supplemental

The amount requested for property tax revenue is based on prior year actuals and current year estimates from the Auditor-Controller's office.

1040 Prop Taxes - CY Unsecured

The amount requested for property tax revenue is based on prior year actuals and current year estimates from the Auditor-Controller's office.

1060 Prop Taxes - PY Secured

No amount is recommended since no revenue has been received in this account in recent years.

Note:

The FY 03-04 bond payment amount (principal and interest) is \$17,825. To avoid major fluctuations in the tax rate from year to year, the tax amount budgeted and/or collected each year may not correspond exactly to the annual bond payment (P&I). Over or under collection in any single year (when compared to the bond payment for that year) merely increases or decreases the fund balance retained in this index. The Auditor's long term tax rate calculations are designed to ensure that debt service obligations are met, while retaining an appropriate level of fund balance, and minimizing unnecessary tax rate fluctuations.

Character Title: Use of Money **Character No.:** 680207-17

1700 Interest on Pooled Cash

This account records interest on pooled cash held for the Zone by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

Estimated Average Cash Balance	\$10,000
Projected Interest Rate	<u>2.50%</u>
Projected/Planned Interest on Pooled Cash	\$250

Character Title: Intergovernmental Revenue **Character No.:** 680207-20

2440 St - HOPTR

This account records the receipt of State Home Owner's Property Tax Relief as allocated by the Auditor's Office. The claim is filed with the State based on the number of Homeowner's exemptions filed with the County.

Character Title: Services and Supplies **Character No.:** 680207-60

6635 Fiscal Agent Fees

This account records the fee collected by the County Treasurer for acting as the fiscal agent.

Character Title: Other Charges **Character No.:** 680207-75

7920 Interest

This account reflects the interest expense on the outstanding general obligation bonds. The interest rate is 5%. Payments began March 1, 1978 and will continue semi-annually until September 1, 2017. The request for the forthcoming year is based on the bond amortization schedule prepared at the time the bonds were sold.

Character Title: Administrative Control **Character No.:** 680207-92

9200 Ent - Principal

This account reflects the principal expense for general obligation bonds that were issued in 1977 to finance the local share of a wastewater collection system. Payments on the bonds will continue until September 1, 2017. The FY 03-04 request is based on the bond amortization schedule prepared at the time the bonds were sold.

The following reflects the bond principal payment history to date:

Original Amount of the General Obligation Bond Issue:	\$300,000
Total FY 77-78 through FY 01-02 Principal Payments:	(110,000)
FY 02-03 Principal Payment:	<u>(8,000)</u>
Outstanding Bond Amount	\$182,000

9209 Ent - Principal Clearing

This is the clearing account for sub-object 9200, Ent - Principal.

FY 2003-04 BUDGET

STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation
Section: Sanitation Zone - Penngrove - Bonds
Index No.: 680207

DESCRIPTION OF FUND ACTIVITY	Actual FY 01-02	Estimated FY 02-03	Requested FY 03-04
Undesignated/Unreserved <u>BEGINNING</u> Fund Balance			
Available for Budgeting (See Detailed Components Below)	\$16,014	\$12,837	\$13,146
Annual Revenues and Expenditures:			
Revenues - Increase fund balance	14,390	17,659	15,600
Expenditures - (Decrease) fund balance	(9,567)	(9,350)	(9,025)
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Net Surplus or Deficit - Increase/(Decrease) to fund balance	4,823	8,309	6,575
Adjustments to Reserves/Encumbrances:			
9200 - Enterprise Principal	(8,000)	(8,000)	(9,000)
Change in Matured Bonds Payable	-	-	-
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Net Adjustment - Increase/(Decrease) to Fund Balance	(8,000)	(8,000)	(9,000)
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Undesignated/Unreserved <u>ENDING</u> Fund Balance			
Available for Budgeting	\$12,837	\$13,146	\$10,721
Total Increase/(Decrease) in Fund Balance for Fiscal Year (Difference between Beginning and Ending Balance)	(\$3,177)	\$309	(\$2,425)
 <u>Fund Balance Components at Beginning of FY</u>	<u>7/1/01</u>	<u>7/1/02</u>	
Cash	\$27,297	\$23,987	
Matured Bonds Payable	(8,000)	(8,000)	
Interest Payable	(3,283)	(3,150)	
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Total Beginning Fund Balance	\$16,014	\$12,837	

FY 2003-04 BUDGET

SUMMARY OF REVENUES AND EXPENDITURES

Section Title: **SANITATION ZONE - PENNGROVE - CONSTRUCTION**
 Section/Index No: **680306**

Sub-Object No. and Title	Adopted 2002-03	Requested 2003-04	Difference	Percent Change
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REVENUES:

USE OF MONEY

1700 Interest on Pooled Cash	\$26,325	\$16,250	(\$10,075)	(38.27%)
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Subtotal Use of Money	\$26,325	\$16,250	(\$10,075)	(38.27%)
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OTHER FINANCING SOURCES

4625 OT - W/in Special Dist - BOS	\$30,000	\$50,000	\$20,000	66.67%
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Subtotal Other Financing Sources	\$30,000	\$50,000	\$20,000	66.67%
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TOTAL REVENUES	\$56,325	\$66,250	\$9,925	17.62%
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EXPENDITURES:

FIXED ASSETS

8510 Buildings / Improvements	\$0	\$0	\$0	N/A
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9142 Capital Replacement Program	50,000	540,000	490,000	980.00%
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Subtotal Fixed Assets	\$50,000	\$540,000	\$490,000	980.00%
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TOTAL EXPENDITURES	\$50,000	\$540,000	\$490,000	980.00%
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TOTAL NET COST	(\$6,325)	\$473,750	\$480,075	(7590.12%)
<i>(Expenditures Minus Revenues)</i>				

**FY 2003-04 BUDGET
CHARACTER JUSTIFICATION**

Department - Division: Sonoma County Water Agency - Sanitation
Section Title: Sanitation Zone - Penngrove - Construction

Character Title: Use of Money

Character No.: 680306-17

1700 Interest on Pooled Cash

This account records interest on pooled cash held for the Zone by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

Estimated Average Cash Balance	\$650,000
Projected Interest Rate	<u>2.50%</u>
Projected/Planned Interest on Pooled Cash	\$16,250

Character Title: Other Financing Sources

Character No.: 680306-46

4625 OT - W/in Special Dist - BOS

This account reflects the transfer of cash from the Operations Fund to the Construction Fund to finance the capital replacement program. If the Operations Fund does not have sufficient cash available to finance planned capital projects, the transfer will not be made and any uncompleted projects will be rescheduled and rebudgeted in the next fiscal year.

Character Title: Fixed Assets

Character No.: 680306-85

8510 Buildings / Improvements

There will be no funds requested for FY 03-04.

9142 Capital Replacement Program

The amount requested for the forthcoming year is intended to be used for the replacement of the "L" pipe.

FY 2003-04 BUDGET
STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation
Section: Sanitation Zone - Penngrove - Construction
Index No.: 680306

DESCRIPTION OF FUND ACTIVITY	Actual FY 01-02	Estimated FY 02-03	Requested FY 03-04
Undesignated/Unreserved <u>BEGINNING</u> Fund Balance			
Available for Budgeting (See Detailed Components Below)	\$599,151	\$684,461	\$690,708
Annual Revenues and Expenditures:			
Revenues - Increase fund balance	85,310	56,247	66,250
Expenditures - (Decrease) fund balance	-	(50,000)	(540,000)
Net Surplus or Deficit - Increase/(Decrease) to fund balance	85,310	6,247	(473,750)
Adjustments to Reserves/Encumbrances:			
Net Adjustment - Increase/(Decrease) to Fund Balance	-	-	-
Undesignated/Unreserved <u>ENDING</u> Fund Balance			
Available for Budgeting	\$684,461	\$690,708	\$216,958
Total Increase/(Decrease) in Fund Balance for Fiscal Year (Difference between Beginning and Ending Balance)	\$85,310	\$6,247	(\$473,750)
 <u>Fund Balance Components at Beginning of FY</u>	<u>7/1/01</u>	<u>7/1/02</u>	
Cash	\$596,962	\$684,461	
Other Receivables	2,189	-	
Total Beginning Fund Balance	\$599,151	\$684,461	